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RUEHAC/AMEMBASSY ASUNCION 0100
RUEHBO/AMEMBASSY BOGOTA 2348
RUEHBR/AMEMBASSY BRASILIA 0287
RUEHBU/AMEMBASSY BUENOS AIRES 0169
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RUEHDG/AMEMBASSY SANTO DOMINGO 0364
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C O N F I D E N T I A L PANAMA 001286

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E.O. 12958: DECL: 06/29/2015

TAGS: [ECON](#) [FAIR](#) [FAA](#)

SUBJECT: PANAMA'S CIVIL AVIATION DIRECTOR FORCED TO RESIGN

REF: DEPT FOR WHA/SCHIFFER

Classified By: AMB. Eaton for reasons 1.4(b) and (d).

11. (C) SUMMARY: Panama's Civil Aviation Authority (AAC) Director Tomas Paredes told EconOff that President Torrijos requested his resignation on June 26. On June 30, Torrijos nominated Eustacio Fabrega Lopez as the new AAC Director and sent the nomination to the National Assembly for approval. Paredes alleges his removal was due to his support of an Attorney General investigation into alleged corruption by his Subdirector Nelly Simeon. Paredes further alleges Simeon's staffing decisions at the AAC are intended to replace non-Revolutionary Democratic Party (PRD) employees with PRD party members. Without Paredes, the USG is losing a cooperative high-level official in its interdiction efforts and in ensuring a high level of safety in Panamanian aviation. END SUMMARY.

The New AAC Director

12. (C) Fabrega was the AAC Director from 1994 to 1999 under the Balladares administration. Fabrega is an alleged old hunting companion of Manuel Noriega. The AAC Coordinator for Operational Security told EconOff he worked with Fabrega and he was an excellent director. The Coordinator told EconOff that Fabrega's nomination should be approved by the National Assembly "in a few days".

Alleged Motives

13. (C) Paredes told EconOff that AAC Subdirector Nelly Simeon has been trying to engineer his departure since she took office in 2004. Paredes believes his removal is linked to Simeon's pending corruption investigation by the GoP's Attorney General's Office. Simeon is under investigation for misuse of government property and personnel. In allegations filed with the Attorney General's office, Simeon is accused

of operating an import/export business, Marketing Concepts Corporation (MCC), without submission of the requisite duties or paperwork. The allegations further state that GoP personnel and vehicles were used to transport the products. Paredes told EconOff that the Director of the Customs Department personally stopped a search of MCC's offices. As a result of the investigation, Paredes was required to respond to the Attorney General's office inquiries and corroborated many of the allegations.

¶4. (C) Paredes further alleges that Simeon has been using her position to fire non-PRD employees and fill them with PRD members. Paredes claims Simeon is part of Torrijos' inner circle and has placed many of her friends and PRD loyalists in positions which control access and information flow to key ministers and Torrijos. Paredes believes Simeon was working to pick his successor and has control of the AAC.

Simeon, Sampo and the DEA

¶5. (C) Paredes alleges Simeon traveled to Brazil with Mario Sampo to solicit private investments for mining projects in Panama. Sampo is a Brazilian businessman who has previously been under indictment for bank fraud in Panama. Paredes alleges that while in Brazil Simeon held herself out to investors as GoP Vice Minister of Transportation and said all mining activities in Panama had to go through her office. Paredes related an alleged incident where Simeon personally interceded to prevent AAC security officials from detaining an airplane owned by Sampo which was not properly registered. Note: DEA in Panama has previously been in contact with Paredes regarding Simeon,s alleged involvement with Sampo.

Latin American Civil Aviation Commission

¶6. (C) In November 2006, Panama,s AAC Director becomes the president of the Latin American Civil Aviation Commission for the next three years.

Comment

¶7. (C) The USG is losing a cooperative high-level aviation official in its interdiction efforts and in ensuring a high level of safety in Panamanian aviation. If Paredes, allegations regarding Simeon are correct, Simeon joins a growing list of high-level PRD officials reported to Embassy officials engaging in illicit activity and using their GOP positions for personal gain.
EATON